

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended September 30, 2020 (Based on Japanese GAAP)

November 10, 2020

Company name: Nippon Carbon Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 5302 URL <https://www.carbon.co.jp>
 Representative: President and Representative Director Takafumi Miyashita
 Corporate Officer and General Manager of
 Inquiries: Business Control Div. Koji Imai TEL 03-6891-3730
 Scheduled date to file Quarterly Securities Report: November 10, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended September 30, 2020 (from January 1, 2020 to September 30, 2020)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2020	19,416	(42.4)	2,277	(80.8)	2,854	(75.3)	1,464	(80.7)
Nine months ended September 30, 2019	33,695	2.0	11,847	15.2	11,536	12.2	7,582	15.6

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2020	132.35	–
Nine months ended September 30, 2019	685.37	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	71,079	50,299	61.3	3,936.34
As of December 31, 2019	77,939	51,654	57.9	4,080.33

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2019	–	100.00	–	100.00	200.00
Year ending December 31, 2020	–	100.00	–		
Year ending December 31, 2020 (Forecast)				100.00	200.00

3. Forecast of consolidated financial results for the year ending December 31, 2020 (from January 1, 2020 to December 31, 2020)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	25,800	(42.6)	2,300	(84.5)	3,000	(80.1)	1,600	(83.5)	144.58

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended September 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2020	11,832,504 shares	As of December 31, 2019	11,832,504 shares
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Number of treasury shares at the end of the period

As of September 30, 2020	766,247 shares	As of December 31, 2019	769,438 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended September 30, 2020	11,065,016 shares	Nine months ended September 30, 2019	11,063,368 shares
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Quarterly consolidated financial statements

Consolidated balance sheets

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	17,852	14,864
Notes and accounts receivable - trade	14,010	8,306
Merchandise and finished goods	9,153	10,552
Work in process	4,829	4,532
Raw materials and supplies	4,220	3,584
Other	562	1,898
Allowance for doubtful accounts	(20)	(20)
Total current assets	50,607	43,720
Non-current assets		
Property, plant and equipment		
Buildings and structures	16,680	17,051
Accumulated depreciation and impairment loss	(9,536)	(9,773)
Buildings and structures, net	7,144	7,277
Machinery and equipment	44,008	45,478
Accumulated depreciation and impairment loss	(37,232)	(37,851)
Machinery and equipment, net	6,775	7,626
Vehicles, tools, furniture and fixtures	3,264	3,345
Accumulated depreciation and impairment loss	(2,708)	(2,841)
Vehicles, tools, furniture and fixtures, net	555	504
Land	3,523	3,522
Construction in progress	821	959
Total property, plant and equipment	18,820	19,890
Intangible assets	160	193
Investments and other assets		
Investment securities	6,044	4,734
Deferred tax assets	371	356
Other	1,946	2,186
Allowance for doubtful accounts	(10)	(2)
Total investments and other assets	8,351	7,275
Total non-current assets	27,332	27,359
Total assets	77,939	71,079

(Millions of yen)

	As of December 31, 2019	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,821	3,248
Short-term borrowings	8,390	9,330
Accrued expenses	1,118	877
Income taxes payable	1,995	275
Provision for bonuses	214	522
Provision for bonuses for directors (and other officers)	96	16
Provision for plant relocation related expense	317	158
Other	2,770	1,586
Total current liabilities	20,725	16,015
Non-current liabilities		
Long-term borrowings	3,637	3,135
Deferred tax liabilities	569	286
Retirement benefit liability	757	750
Provision for retirement benefits for directors (and other officers)	43	52
Provision for share-based remuneration for directors (and other officers)	70	64
Provision for environmental measures	28	29
Asset retirement obligations	62	62
Other	390	382
Total non-current liabilities	5,559	4,764
Total liabilities	26,284	20,779
Net assets		
Shareholders' equity		
Share capital	7,402	7,402
Capital surplus	7,857	7,857
Retained earnings	29,689	28,941
Treasury shares	(1,921)	(1,912)
Total shareholders' equity	43,028	42,289
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,129	1,283
Foreign currency translation adjustment	49	44
Remeasurements of defined benefit plans	(66)	(56)
Total accumulated other comprehensive income	2,112	1,271
Non-controlling interests	6,513	6,739
Total net assets	51,654	50,299
Total liabilities and net assets	77,939	71,079

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Net sales	33,695	19,416
Cost of sales	17,775	14,013
Gross profit	15,919	5,402
Selling, general and administrative expenses	4,072	3,125
Operating profit	11,847	2,277
Non-operating income		
Dividend income	69	70
Insurance claim income	94	718
Foreign exchange gains	—	16
Other	111	252
Total non-operating income	275	1,058
Non-operating expenses		
Interest expenses	61	51
Foreign exchange losses	42	—
Share of loss of entities accounted for using equity method	25	110
Loss on retirement of non-current assets	206	137
Depreciation of inactive non-current assets	84	108
Other	166	73
Total non-operating expenses	586	481
Ordinary profit	11,536	2,854
Extraordinary losses		
Fire loss	435	247
Total extraordinary losses	435	247
Profit before income taxes	11,100	2,607
Income taxes - current	3,397	648
Income taxes - deferred	(111)	128
Total income taxes	3,285	776
Profit	7,814	1,831
Profit attributable to non-controlling interests	232	367
Profit attributable to owners of parent	7,582	1,464

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended September 30, 2019	Nine months ended September 30, 2020
Profit	7,814	1,831
Other comprehensive income		
Valuation difference on available-for-sale securities	274	(854)
Deferred gains or losses on hedges	(6)	—
Foreign currency translation adjustment	(55)	(5)
Remeasurements of defined benefit plans, net of tax	30	9
Total other comprehensive income	242	(850)
Comprehensive income	8,056	981
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,841	623
Comprehensive income attributable to non-controlling interests	215	358